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FEDERAL COMMUNICATIONS COMMISSION  
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April 12, 1995

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William F. Caton  
Acting Secretary  
Federal Communications Commission  
Mail Stop 1170  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 92-77, RM-8606 - Petition for Rulemaking Filed by the National Association of Attorneys General Proposing Increased Disclosures by Operator Service Providers*

On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "Comments" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Enclosure

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Billed Party Preference  
for 0+ InterLATA Calls

Petition for Rulemaking Filed by the National  
Association of Attorneys General Proposing  
Increased Disclosures by Operator Service  
Providers

CC Docket No. 92-77

RM-8606

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**COMMENTS OF PACIFIC BELL AND NEVADA BELL**

Pacific Bell and Nevada Bell ("the Pacific Companies") file these consolidated comments in response to the March 7, 1995 ex parte filed in Docket 92-77 as well as the Petition for Rulemaking in RM-8606. The Pacific Companies support the concept of a rate cap, although the rate cap proposed in the ex parte is not acceptable. Further, if rate caps are imposed, the need for the disclosures suggested by the National Association of Attorneys General would be unnecessary.

However, the rate cap proposal submitted by CompTel, et al, does not adequately protect consumers. While its proposal is simple, such simplicity fails in the face of the realities of the cost structure of the business. The ex parte sets a rate cap for all collect, calling card, and third-party calls at one level, and person-to-person calls at another level. The ex parte claims that the rate schedule was devised by looking at a

representative sampling of complaints to the FCC about operator service charges and setting a schedule so that all charges would be below those which prompted virtually all complaints in the sample.

Setting rates based on the complaints filed with the FCC does not adequately protect the consumer from excessive rates. The Pacific Companies receive complaints from our customers about operator service provider rates lower than those in the ex parte rate cap proposal. A rate which is so excessive so as to prompt a letter to the FCC should not be used to set an appropriate rate ceiling. Further, consumers' expectations change with respect to different types of calls. A calling card call may be perceived as excessive at \$3.75 for the first minute; a collect call may not.

The Pacific Companies therefore propose that the rate ceilings be based on the type of call made since cost structures differ for different call types. We also recommend that standardized additional minute charges apply to all calls. Our rate cap proposal is as follows:

<b>Type of Call</b>	<b>First Minute</b>	<b>Additional Minute</b>
Calling Card -- using automated system	\$1.20	\$0.35
Calling Card -- operator handled	\$2.75	\$0.35
Collect Calls (whether automated or operator handled, including any alternate billing)	\$2.75	\$0.35
Bill to Third Number (whether automated or operator handled, including any alternate billing)	\$2.75	\$0.35
Collect, Inmate	\$3.75	\$0.35
Person-to-Person, including any alternate billing	\$4.75	\$0.35

These rates are the maximum rates that should be charged for 0+ interstate calls and include all surcharges, premises imposed fees,<sup>1</sup> set use fees, and other charges. Dial around compensation is paid by the carrier and thus excluded from these rate caps. Rates for commercial credit cards used as telephone calling cards would be included in the calling card rate categories above. Prepaid or "cash" calling card rates are considered sent paid rates and are excluded from this rate cap.

Pacific believes these rates will strike the appropriate balance between rates that are fair and equitable to the consumer and the competitive nature of the operator service market.

The National Association of Attorneys General seeks to impose a mandatory requirement for a warning statement to consumers from all operator service providers whose rates exceed dominant carrier rates. With an enforced rate cap proposal, however, such a warning would not be necessary since carriers' rates would be below the cap.

### **Monitoring**

The Pacific Companies support the concept of reviewing operator service provider calls billed on behalf of other companies. We support reporting to the Commission the number of minutes for each carrier that exceeds the cap. As stated in the ex parte, we would need cost recovery for this monitoring and reporting function. Upgrades to our systems would be required. In addition, the Pacific Companies

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<sup>1</sup> Where allowed.

propose that the Commission impose penalties when the cap is exceeded. Under the proposed guidelines for forfeitures set forth in CI Docket No. 95-6, violation of operator service requirements carries a base amount of \$75,000 for common carriers. While this seems excessive with respect to isolated instances, the Commission could set proposed penalties for the first occurrence for exceeding the rate cap, with progressively larger fines for subsequent violations. These penalties would provide an effective incentive not to exceed the rate caps.

### **Rate Caps As A Solution**

As noted above, rate caps which are enforced by the Commission would be desirable and would serve to protect consumers from excessive rates. However, the need for BPP may not be obviated simply by the imposition of rate caps. Consumers are still confused as to who carries their calls when they use alternate billing (calling card, collect, etc.). While dial around options have increased and consumers have begun to use them, the convenience of 0+ dialing is still preferable to many consumers.

And, many consumers still call us with complaints indicating they do not understand the significance of call branding, or payphone signage. In addition, many who try to contact carriers are unable to obtain useful rate quotes because, even if a carrier is reachable, the rate information is difficult to understand.

The concept of BPP -- giving the consumer the choice -- would address these problems. However, as we have stated previously, the original design of BPP is very costly to the Pacific Companies and to the industry as a whole. We believe that

enforced rate caps, and other solutions such as better access to rate quotes, will help to mitigate the need for BPP. However, if consumers continue to suffer the same problems identified in this proceeding, some alternative form of BPP may be needed. For the near term, though, we believe that rate caps enforced by the Commission, are an acceptable option.


## **CONCLUSION**

Rate caps should be imposed on interstate operator service providers. We believe the rates set forth in these Comments better protect consumers and should be adopted in lieu of the rates set forth in the ex parte. The warning language suggested in the Petition for Rulemaking will not be necessary if appropriate rate caps

are enforced. We therefore do not endorse the warning language specified in that Petition.

Respectfully submitted,

PACIFIC BELL  
NEVADA BELL

  
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Date: April 12, 1995